



HEALTH ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2011
OF THE CONDITION AND AFFAIRS OF THE

The Health Plan of the Upper Ohio Valley, Inc.

NAIC Group Code 1297 , 1297 NAIC Company Code 95677 Employer's ID Number 55-0585592
(Current Period) (Prior Period)

Organized under the Laws of West Virginia , State of Domicile or Port of Entry West Virginia

Country of Domicile United States

Licensed as business type: Life, Accident & Health [] Property/Casualty [] Dental Service Corporation []
Vision Service Corporation [] Other [] Health Maintenance Organization [X]
Hospital, Medical & Dental Service or Indemnity [] Is HMO, Federally Qualified? Yes [X] No []

Incorporated/Organized 08/08/1978 Commenced Business 11/01/1979

Statutory Home Office 52160 National Road E , St. Clairsville, OH 43950-9306
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 52160 National Road E
St. Clairsville, OH 43950-9306 740-695-3585
(City or Town, State and Zip Code) (Street and Number) (Area Code) (Telephone Number)

Mail Address 52160 National Road E , St. Clairsville, OH 43950-9306
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 52160 National Road E
St. Clairsville, OH 43950-9306 740-695-3585
(City or Town, State and Zip Code) (Street and Number) (Area Code) (Telephone Number)

Internet Website Address www.healthplan.org

Statutory Statement Contact Jeffrey Michael Knight 740-695-3585
(Name) (Area Code) (Telephone Number) (Extension)
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(E-mail Address) (FAX Number)

OFFICERS

Name	Title	Name	Title
<u>Philip D Wright</u>	<u>President</u>	<u>Jeffrey M Knight</u>	<u>Treasurer</u>
<u></u>	<u></u>	<u></u>	<u></u>

OTHER OFFICERS

DIRECTORS OR TRUSTEES

<u>Robert Dunlevy</u>	<u>Jerry L Fisher</u>	<u>John D Holloway, MD</u>	<u>Frank Joanou</u>
<u>Kiki T Mehallis</u>	<u>Charles P Monfradi</u>	<u>Charles P Newmeyer</u>	<u>James W Newton, PhD</u>
<u>Edward P Polack, MD</u>	<u>John Schellhase</u>	<u>John E Wright, IV</u>	<u>Philip D Wright</u>
<u>Nick P Zervos</u>	<u>Ronald Hobbs</u>	<u></u>	<u></u>

State of

ss

County of

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Philip D Wright Jeffrey M. Knight
President Treasurer

Subscribed and sworn to before me this
_____ day of _____,

a. Is this an original filing? Yes [X] No []
b. If no,
1. State the amendment number _____
2. Date filed 03/01/2012
3. Number of pages attached _____

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	93,430,739		93,430,739	93,520,271
2. Stocks (Schedule D):				
2.1 Preferred stocks	99,495		99,495	84,553
2.2 Common stocks	118,777,375	2,322,598	116,454,777	82,561,732
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....	5,915,061		5,915,061	6,199,661
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$11,935,577 , Schedule E - Part 1), cash equivalents (\$0 , Schedule E - Part 2) and short-term investments (\$0 , Schedule DA).....	11,935,577		11,935,577	35,065,989
6. Contract loans (including \$premium notes).....			0	0
7. Derivatives (Schedule DB).....			0	0
8. Other invested assets (Schedule BA)	0		0	0
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets (Schedule DL).....			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	230,158,247	2,322,598	227,835,649	217,432,206
13. Title plants less \$charged off (for Title insurers only).....			0	0
14. Investment income due and accrued	909,986		909,986	896,603
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	5,510,001	1,181	5,508,820	5,879,163
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$earned but unbilled premiums).....			0	0
15.3 Accrued retrospective premiums.....	1,143		1,143	34,931
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers			0	329,361
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans	465,218		465,218	1,057,358
18.1 Current federal and foreign income tax recoverable and interest thereon			0	0
18.2 Net deferred tax asset.....			0	0
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software.....	482,128	22,630	459,498	356,277
21. Furniture and equipment, including health care delivery assets (\$)	342,233	342,233	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	2,400,344	2,400,344	0	0
24. Health care (\$) and other amounts receivable.....	1,718,398	1,718,398	0	0
25. Aggregate write-ins for other than invested assets	3,968,008	3,299,490	668,518	855,117
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	245,955,706	10,106,874	235,848,832	226,841,016
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
28. Total (Lines 26 and 27)	245,955,706	10,106,874	235,848,832	226,841,016
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above)	0	0	0	0
2501. Miscellaneous Accounts Receivable.....	3,293,096	2,624,578	668,518	855,117
2502. Goodwill.....	189,530	189,530	0	0
2503. Prepaid Assets.....	485,382	485,382	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	3,968,008	3,299,490	668,518	855,117

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1	2	3	4
	Covered	Uncovered	Total	Total
1. Claims unpaid (less \$ reinsurance ceded)	41,648,691		41,648,691	39,807,868
2. Accrued medical incentive pool and bonus amounts			0	0
3. Unpaid claims adjustment expenses	1,313,043		1,313,043	1,328,540
4. Aggregate health policy reserves, including the liability of \$ for medical loss ratio rebate per the Public Health Service Act	1,263,061		1,263,061	949,855
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	3,108,358		3,108,358	3,570,444
9. General expenses due or accrued	2,390,449		2,390,449	1,699,409
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others	202,907		202,907	250,604
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates			0	0
16. Derivatives			0	0
17. Payable for securities			0	0
18. Payable for securities lending.....			0	0
19. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
20. Reinsurance in unauthorized companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans	3,534,852		3,534,852	821,958
23. Aggregate write-ins for other liabilities (including \$ current)	2,462,898	0	2,462,898	2,724,010
24. Total liabilities (Lines 1 to 23).....	55,924,259	0	55,924,259	51,152,688
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX		0
27. Preferred capital stock	XXX	XXX		0
28. Gross paid in and contributed surplus	XXX	XXX		0
29. Surplus notes	XXX	XXX		0
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	550,000	550,000
31. Unassigned funds (surplus)	XXX	XXX	179,374,573	175,138,328
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26 \$)	XXX	XXX		0
32.2 shares preferred (value included in Line 27 \$)	XXX	XXX		0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	179,924,573	175,688,328
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	235,848,832	226,841,016
DETAILS OF WRITE-INS				
2301. Post Retirement Benefit Obligations.....	810,973		810,973	574,906
2302. Salaries & Wages.....	1,646,507		1,646,507	2,143,638
2303. Miscellaneous.....	5,418		5,418	5,466
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	2,462,898	0	2,462,898	2,724,010
2501.	XXX	XXX		
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	0	0
3001. Contingency Reserves.....	XXX	XXX	550,000	550,000
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	550,000	550,000

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	989,617	986,447
2. Net premium income (including \$0 non-health premium income).....	XXX	383,288,141	380,517,968
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of \$ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	383,288,141	380,517,968
Hospital and Medical:			
9. Hospital/medical benefits		278,980,870	267,986,636
10. Other professional services		18,471,903	19,369,230
11. Outside referrals			0
12. Emergency room and out-of-area		16,022,304	14,913,625
13. Prescription drugs		36,907,362	35,818,069
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....			0
16. Subtotal (Lines 9 to 15)	0	350,382,439	338,087,560
Less:			
17. Net reinsurance recoveries		325,436	374,156
18. Total hospital and medical (Lines 16 minus 17)	0	350,057,003	337,713,404
19. Non-health claims (net).....			0
20. Claims adjustment expenses, including \$4,392,056 cost containment expenses.....		6,354,379	6,254,067
21. General administrative expenses.....		19,668,873	18,521,925
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....		0	0
23. Total underwriting deductions (Lines 18 through 22)	0	376,080,255	362,489,396
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	7,207,886	18,028,572
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		5,740,942	5,052,891
26. Net realized capital gains (losses) less capital gains tax of \$		4,294,545	11,251,699
27. Net investment gains (losses) (Lines 25 plus 26)	0	10,035,487	16,304,590
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			0
29. Aggregate write-ins for other income or expenses	0	5,569,958	81,958
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	XXX	22,813,331	34,415,120
31. Federal and foreign income taxes incurred	XXX		0
32. Net income (loss) (Lines 30 minus 31)	XXX	22,813,331	34,415,120
DETAILS OF WRITE-INS			
0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	0	0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			0
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0
2901. Rental Income.....		54,999	54,999
2902. Miscellaneous income.....		5,622,311	26,959
2903. Equipment Disposal (Losses).....		(107,352)	0
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	5,569,958	81,958

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2
	Current Year	Prior Year
CAPITAL AND SURPLUS ACCOUNT:		
33. Capital and surplus prior reporting year	175,688,331	148,101,856
34. Net income or (loss) from Line 32	22,813,331	34,415,120
35. Change in valuation basis of aggregate policy and claim reserves		0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$	(15,641,435)	(6,363,287)
37. Change in net unrealized foreign exchange capital gain or (loss)		0
38. Change in net deferred income tax		0
39. Change in nonadmitted assets	(2,935,654)	(465,358)
40. Change in unauthorized reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	0	0
43. Cumulative effect of changes in accounting principles		0
44. Capital Changes:		
44.1 Paid in	0	0
44.2 Transferred from surplus (Stock Dividend)		0
44.3 Transferred to surplus		0
45. Surplus adjustments:		
45.1 Paid in	0	0
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital		0
46. Dividends to stockholders		0
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital and surplus (Lines 34 to 47)	4,236,242	27,586,475
49. Capital and surplus end of reporting year (Line 33 plus 48)	179,924,573	175,688,331
DETAILS OF WRITE-INS		
4701. Prior period audit adjustment.....		0
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance.....	383,542,211	381,078,033
2. Net investment income.....	5,777,863	4,345,613
3. Miscellaneous income.....	0	0
4. Total (Lines 1 through 3).....	389,320,074	385,423,646
5. Benefit and loss related payments.....	347,886,819	338,148,330
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	16,472,717	26,110,794
8. Dividends paid to policyholders.....		0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	0	0
10. Total (Lines 5 through 9).....	364,359,536	364,259,124
11. Net cash from operations (Line 4 minus Line 10).....	24,960,538	21,164,522
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	356,114,763	321,824,942
12.2 Stocks.....	4,482,524	60,441,835
12.3 Mortgage loans.....	0	0
12.4 Real estate.....	0	0
12.5 Other invested assets.....	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	0	0
12.7 Miscellaneous proceeds.....	0	829,709
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	360,597,287	383,096,486
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	352,261,398	351,012,551
13.2 Stocks.....	52,754,984	54,074,404
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	15,832	76,218
13.5 Other invested assets.....	0	0
13.6 Miscellaneous applications.....	462,588	600,798
13.7 Total investments acquired (Lines 13.1 to 13.6).....	405,494,802	405,763,971
14. Net increase (decrease) in contract loans and premium notes.....	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14).....	(44,897,515)	(22,667,485)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds.....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		0
16.5 Dividends to stockholders.....	0	0
16.6 Other cash provided (applied).....	(3,193,438)	240,557
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(3,193,438)	240,557
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	(23,130,415)	(1,262,406)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	35,065,992	36,328,398
19.2 End of year (Line 18 plus Line 19.1).....	11,935,577	35,065,992

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE The Health Plan of the Upper Ohio Valley, Inc.

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	383,288,141	156,173,926	0	0	0	11,806,238	162,660,181	52,647,796	0	0
2. Change in unearned premium reserves and reserve for rate credit	0									
3. Fee-for-service (net of \$										XXX
medical expenses)	0									XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	383,288,141	156,173,926	0	0	0	11,806,238	162,660,181	52,647,796	0	0
8. Hospital/medical benefits	278,980,870	121,310,283	0			5,695,735	114,204,721	37,770,131		XXX
9. Other professional services	18,471,903	5,297,279				2,449,421	7,664,485	3,060,718		XXX
10. Outside referrals	0									XXX
11. Emergency room and out-of-area	16,022,304	4,116,018				2,125,476	3,829,418	5,951,392		XXX
12. Prescription drugs	36,907,362	20,439,369				2,318,496	14,149,497			XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	0									XXX
15. Subtotal (Lines 8 to 14)	350,382,439	151,162,949	0	0	0	12,589,128	139,848,121	46,782,241	0	XXX
16. Net reinsurance recoveries	325,436	325,436								XXX
17. Total hospital and medical (Lines 15 minus 16)	350,057,003	150,837,513	0	0	0	12,589,128	139,848,121	46,782,241	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including \$	4,392,056	2,589,144	0			195,731	2,696,677	872,827		
cost containment expenses	19,668,873	8,014,245				605,851	8,347,095	2,701,682		
20. General administrative expenses	0									XXX
21. Increase in reserves for accident and health contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
22. Increase in reserves for life contracts	0									
23. Total underwriting deductions (Lines 17 to 22)	376,080,255	161,440,902	0	0	0	13,390,710	150,891,893	50,356,750	0	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	7,207,886	(5,266,976)	0	0	0	(1,584,472)	11,768,288	2,291,046	0	0
DETAILS OF WRITE-INS										
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical)	156,575,051		401,125	156,173,926
2. Medicare Supplement			0	0
3. Dental only.....				0
4. Vision only.....				0
5. Federal Employees Health Benefits Plan	11,836,562		30,324	11,806,238
6. Title XVIII - Medicare	162,738,315		78,134	162,660,181
7. Title XIX - Medicaid.....	52,768,817		121,021	52,647,796
8. Other health.....				0
9. Health subtotal (Lines 1 through 8)	383,918,745	0	630,604	383,288,141
10. Life				0
11. Property/casualty.....				0
12. Totals (Lines 9 to 11)	383,918,745	0	630,604	383,288,141

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	348,541,615	150,120,875				12,359,990	140,438,007	45,622,743		
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	654,797	623,834					30,963			
1.4 Net	347,886,818	149,497,041	0	0	0	12,359,990	140,407,044	45,622,743	0	0
2. Paid medical incentive pools and bonuses	0									
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	41,648,692	16,402,196	0	0	0	1,366,005	17,531,043	6,349,448	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
3.4 Net	41,648,692	16,402,196	0	0	0	1,366,005	17,531,043	6,349,448	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0									
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	0									
6. Net healthcare receivables (a)	0									
7. Amounts recoverable from reinsurers December 31, current year	0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	39,807,868	15,360,121	0	0	0	1,136,867	18,120,930	5,189,950	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
8.4 Net	39,807,868	15,360,121	0	0	0	1,136,867	18,120,930	5,189,950	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	0	0	0	0	0	0	0	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year	329,361	298,398	0	0	0	0	30,963	0	0	0
12. Incurred benefits:										
12.1 Direct	350,382,439	151,162,950	0	0	0	12,589,128	139,848,120	46,782,241	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	325,436	325,436	0	0	0	0	0	0	0	0
12.4 Net	350,057,003	150,837,514	0	0	0	12,589,128	139,848,120	46,782,241	0	0
13. Incurred medical incentive pools and bonuses	0	0	0	0	0	0	0	0	0	0

(a) Excludes \$ loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	19,215,220	7,954,417				662,458	7,894,409	2,703,936		
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	19,215,220	7,954,417	0	0	0	662,458	7,894,409	2,703,936	0	0
2. Incurred but Unreported:										
2.1 Direct	22,433,472	8,447,779				703,547	9,636,634	3,645,512		
2.2 Reinsurance assumed	0									
2.3 Reinsurance ceded	0									
2.4 Net	22,433,472	8,447,779	0	0	0	703,547	9,636,634	3,645,512	0	0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct	0									
3.2 Reinsurance assumed	0									
3.3 Reinsurance ceded	0									
3.4 Net	0	0	0	0	0	0	0	0	0	0
4. TOTALS:										
4.1 Direct	41,648,692	16,402,196	0	0	0	1,366,005	17,531,043	6,349,448	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4 Net	41,648,692	16,402,196	0	0	0	1,366,005	17,531,043	6,349,448	0	0

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability Dec. 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)	16,082,769	134,038,106	62,137	16,340,058	16,144,906	15,360,121
2. Medicare Supplement					0	0
3. Dental Only.....					0	0
4. Vision Only.....					0	0
5. Federal Employees Health Benefits Plan	1,330,492	11,029,497	5,175	1,360,830	1,335,667	1,136,867
6. Title XVIII - Medicare	16,521,745	123,916,263	28,324	17,502,719	16,550,069	18,120,930
7. Title XIX - Medicaid.....	4,917,101	40,705,642	10,347	6,339,101	4,927,448	5,189,950
8. Other health					0	0
9. Health subtotal (Lines 1 to 8).....	38,852,107	309,689,508	105,983	41,542,708	38,958,090	39,807,868
10. Healthcare receivables (a).....	329,361	325,436		0	329,361	329,361
11. Other non-health.....					0	0
12. Medical incentive pools and bonus amounts					0	0
13. Totals (Lines 9 - 10 + 11 + 12)	38,522,746	309,364,072	105,983	41,542,708	38,628,729	39,478,507

(a) Excludes \$loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A – Paid Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	152,500	152,500	152,500	152,500	152,500
2. 2007.....	138,110	154,278	154,278	154,278	154,278
3. 2008.....	XXX	120,092	136,429	136,460	136,460
4. 2009.....	XXX	XXX	118,683	132,926	133,036
5. 2010.....	XXX	XXX	XXX	122,882	138,526
6. 2011.....	XXX	XXX	XXX	XXX	133,744

Section B – Incurred Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	152,500	152,500	152,500	152,500	152,500
2. 2007.....	155,640	154,303	154,278	154,278	154,278
3. 2008.....	XXX	136,709	137,731	136,460	136,460
4. 2009.....	XXX	XXX	131,046	133,348	133,036
5. 2010.....	XXX	XXX	XXX	137,967	138,588
6. 2011.....	XXX	XXX	XXX	XXX	150,084

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Hospital and Medical

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2007.....	165,893	154,278	6,210	4.0	160,488	96.7			160,488	96.7
2. 2008.....	155,333	136,460	2,871	2.1	139,331	89.7			139,331	89.7
3. 2009.....	149,394	133,036	2,104	1.6	135,140	90.5			135,140	90.5
4. 2010.....	148,044	138,526	2,437	1.8	140,963	95.2	62		141,025	95.3
5. 2011.....	156,174	133,744	2,589	1.9	136,333	87.3	16,340	535	153,208	98.1

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A – Paid Health Claims - Federal Employees Health Benefits Plan Premium

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	9,350	9,350	9,350	9,350	9,350
2. 2007.....	6,030	6,855	6,855	6,855	6,855
3. 2008.....	XXX	6,470	7,483	7,483	7,483
4. 2009.....	XXX	XXX	7,259	8,306	8,306
5. 2010.....	XXX	XXX	XXX	8,951	10,282
6. 2011.....	XXX	XXX	XXX	XXX	11,029

Section B - Incurred Health Claims - Federal Employees Health Benefits Plan Premium

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	9,350	9,350	9,350	9,350	9,350
2. 2007.....	6,811	6,855	6,855	6,855	6,855
3. 2008.....	XXX	7,383	7,554	7,483	7,483
4. 2009.....	XXX	XXX	8,011	8,329	8,306
5. 2010.....	XXX	XXX	XXX	10,287	10,287
6. 2011.....	XXX	XXX	XXX	XXX	12,390

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Federal Employees Health Benefits Plan Premium

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2007.....	7,977	6,855	300	4.4	7,155	89.7			7,155	89.7
2. 2008.....	7,818	7,483	158	2.1	7,641	97.7			7,641	97.7
3. 2009.....	8,407	8,306	118	1.4	8,424	100.2			8,424	100.2
4. 2010.....	10,332	10,282	170	1.7	10,452	101.2	5		10,457	101.2
5. 2011.....	11,806	11,029	196	1.8	11,225	95.1	1,361	40	12,627	106.9

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Medicare

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	106,611	106,611	106,611	106,611	106,611
2. 2007.....	122,740	138,009	138,009	138,009	138,009
3. 2008.....	XXX	140,959	159,892	159,919	159,919
4. 2009.....	XXX	XXX	162,866	181,803	181,840
5. 2010.....	XXX	XXX	XXX	127,074	143,558
6. 2011.....	XXX	XXX	XXX	XXX	123,885

Section B - Incurred Health Claims - Medicare

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	106,411	106,411	106,411	106,411	106,411
2. 2007.....	139,736	138,031	138,009	138,009	138,009
3. 2008.....	XXX	161,855	161,235	159,919	159,919
4. 2009.....	XXX	XXX	181,019	181,916	181,840
5. 2010.....	XXX	XXX	XXX	145,599	143,586
6. 2011.....	XXX	XXX	XXX	XXX	141,388

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Medicare

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2007.....	160,381	138,009	4,326	3.1	142,335	88.7			142,335	88.7
2. 2008.....	175,546	159,919	429	0.3	160,348	91.3			160,348	91.3
3. 2009.....	187,473	181,840	2,645	1.5	184,485	98.4			184,485	98.4
4. 2010.....	168,179	143,558	2,760	1.9	146,318	87.0	28		146,346	87.0
5. 2011.....	162,660	123,885	2,697	2.2	126,582	77.8	17,503	557	144,642	88.9

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior52,078	.52,078	.52,078	.52,078	.52,078
2. 2007.....	.46,503	.54,233	.54,233	.54,233	.54,233
3. 2008.....	XXX	.42,159	.48,823	.48,823	.48,823
4. 2009.....	XXX	XXX	.41,462	.47,061	.47,061
5. 2010.....	XXX	XXX	XXX	.38,984	.43,902
6. 2011.....	XXX	XXX	XXX	XXX	40,706

Section B – Incurred Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior52,078	.52,078	.52,078	.52,078	.52,078
2. 2007.....	.56,019	.54,242	.54,233	.54,233	.54,233
3. 2008.....	XXX	.48,842	.48,946	.48,823	.48,823
4. 2009.....	XXX	XXX	.47,324	.47,061	.47,061
5. 2010.....	XXX	XXX	XXX	.44,174	.43,912
6. 2011.....	XXX	XXX	XXX	XXX	47,045

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Title XIX Medicaid

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2007.....	.56,029	.54,233	.2,762	.5.1	.56,995	.101.7			.56,995	.101.7
2. 2008.....	.56,263	.48,823	.876	.1.8	.49,699	.88.3			.49,699	.88.3
3. 2009.....	.56,603	.47,061	.798	.1.7	.47,859	.84.6			.47,859	.84.6
4. 2010.....	.53,962	.43,902	.887	.2.0	.44,789	.83.0	.10		.44,799	.83.0
5. 2011.....	52,648	40,706	873	.2.1	41,578	79.0	6,339	180	48,098	91.4

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Other

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	872	872	872	872	872
2. 2007 .....	.0	.0	.0	.0	.0
3. 2008	XXX	.0	.0	.0	.0
4. 2009	XXX	XXX	.0	.0	.0
5. 2010	XXX	XXX	XXX	.0	.0
6. 2011	XXX	XXX	XXX	XXX	0

Section B – Incurred Health Claims - Other

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	872	872	872	872	872
2. 2007 .....	.0	.0	.0	.0	.0
3. 2008	XXX	.0	.0	.0	.0
4. 2009	XXX	XXX	.0	.0	.0
5. 2010	XXX	XXX	XXX	.0	.0
6. 2011	XXX	XXX	XXX	XXX	0

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Other

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1.										
2.										
3.										
4.										
5.										

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	321,410	321,410	321,410	321,410	321,410
2. 2007.....	313,384	353,374	353,374	353,374	353,374
3. 2008.....	XXX	309,681	352,627	352,684	352,684
4. 2009.....	XXX	XXX	330,270	370,096	370,243
5. 2010.....	XXX	XXX	XXX	297,892	336,267
6. 2011.....	XXX	XXX	XXX	XXX	309,364

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	321,211	321,211	321,211	321,211	321,210
2. 2007.....	358,206	353,431	353,375	353,375	353,374
3. 2008.....	XXX	354,789	355,466	352,684	352,684
4. 2009.....	XXX	XXX	367,400	370,654	370,243
5. 2010.....	XXX	XXX	XXX	338,027	336,373
6. 2011.....	XXX	XXX	XXX	XXX	350,907

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Grand Total

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2007.....	390,279	353,374	13,598	3.8	366,972	94.0	.0	.0	366,972	94.0
2. 2008.....	394,961	352,684	4,334	1.2	357,018	90.4	.0	.0	357,018	90.4
3. 2009.....	401,876	370,243	5,665	1.5	375,908	93.5	.0	.0	375,908	93.5
4. 2010.....	380,518	336,267	6,254	1.9	342,521	90.0	106	.0	342,627	90.0
5. 2011.....	383,288	309,364	6,354	2.1	315,718	82.4	41,543	1,313	358,574	93.6

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves .....	.0								
2. Additional policy reserves (a)	1,263,061	1,263,061							
3. Reserve for future contingent benefits .....	.0								
4. Reserve for rate credits or experience rating refunds (including \$ for investment income) .....	.0								
5. Aggregate write-ins for other policy reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (gross)	1,263,061	1,263,061	.0	.0	.0	.0	.0	.0	.0
7. Reinsurance ceded .....	.0								
8. Totals (Net) (Page 3, Line 4)	1,263,061	1,263,061	.0	.0	.0	.0	.0	.0	.0
9. Present value of amounts not yet due on claims .....	.0								
10. Reserve for future contingent benefits .....	.0								
11. Aggregate write-ins for other claim reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded .....	.0								
14. Totals (Net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0

(a) Includes \$ premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$for occupancy of own building).....	0	0	29,353		29,353
2. Salaries, wages and other benefits.....	4,870,209	5,779,802	10,779,994		21,430,005
3. Commissions (less \$ceded plus \$assumed.....			1,590,949		1,590,949
4. Legal fees and expenses.....			338,345		338,345
5. Certifications and accreditation fees.....			0		0
6. Auditing, actuarial and other consulting services.....			723,206		723,206
7. Traveling expenses.....	63,263	17,633	126,493		207,389
8. Marketing and advertising.....	15,290	309	2,607,775		2,623,374
9. Postage, express and telephone.....			1,268,042		1,268,042
10. Printing and office supplies.....			732,864		732,864
11. Occupancy, depreciation and amortization.....	0	0	652,591		652,591
12. Equipment.....	0		734,635		734,635
13. Cost or depreciation of EDP equipment and software.....	275,756	0	679,779		955,535
14. Outsourced services including EDP, claims, and other services.....	408,954	67,712	1,573,260		2,049,926
15. Boards, bureaus and association fees.....	25,195	185	112,760		138,140
16. Insurance, except on real estate.....			346,083		346,083
17. Collection and bank service charges.....			21,130		21,130
18. Group service and administration fees.....	(1,641,792)	(733,535)	(5,363,441)		(7,738,768)
19. Reimbursements by uninsured plans.....		(3,539,687)			(3,539,687)
20. Reimbursements from fiscal intermediaries.....					0
21. Real estate expenses.....			425,589		425,589
22. Real estate taxes.....			117,922		117,922
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....					0
23.2 State premium taxes.....			688,057		688,057
23.3 Regulatory authority licenses and fees.....			0		0
23.4 Payroll taxes.....	295,389	332,384	574,296		1,202,069
23.5 Other (excluding federal income and real estate taxes).....		0	195		195
24. Investment expenses not included elsewhere.....			697,098		697,098
25. Aggregate write-ins for expenses.....	79,792	37,520	211,898	0	329,210
26. Total expenses incurred (Lines 1 to 25).....	4,392,056	1,962,323	19,668,873	0 (a)	26,023,252
27. Less expenses unpaid December 31, current year.....		1,313,043	2,390,449		3,703,492
28. Add expenses unpaid December 31, prior year.....	0	1,328,540	1,699,409	0	3,027,949
29. Amounts receivable relating to uninsured plans, prior year.....	0	0	0	0	0
30. Amounts receivable relating to uninsured plans, current year.....					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	4,392,056	1,977,820	18,977,833	0	25,347,709
DETAIL OF WRITE-INS					
2501. Loss adjustment expense.....	(2,616)	(1,169)	(11,714)		(15,499)
2502. Small Value Equipment.....	1,034	3,215	45,972		50,221
2503. Miscellaneous Personnel.....	46,259	23,383	97,637		167,279
2598. Summary of remaining write-ins for Line 25 from overflow page.....	35,115	12,091	80,003	0	127,209
2599. Totals (Line 2501 through 2503 + 2598)(Line 25 above)	79,792	37,520	211,898	0	329,210

(a) Includes management fees of \$to affiliates and \$to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a) .....733,856	.....694,861
1.1	Bonds exempt from U.S. tax	(a) .....	.....
1.2	Other bonds (unaffiliated)	(a) .....3,762,115	.....3,821,415
1.3	Bonds of affiliates	(a) .....0	.....0
2.1	Preferred stocks (unaffiliated)	(b) .....5,902	.....5,902
2.11	Preferred stocks of affiliates	(b) .....0	.....0
2.2	Common stocks (unaffiliated) .....	.....1,123,869	.....1,123,869
2.21	Common stocks of affiliates .....	.....0	.....0
3.	Mortgage loans	(c) .....	.....
4.	Real estate	(d) .....	.....
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e) .....91,885	.....91,885
7.	Derivative instruments	(f) .....	.....
8.	Other invested assets .....	.....	.....3,010
9.	Aggregate write-ins for investment income .....	.....0	.....0
10.	Total gross investment income	5,717,627	5,740,942
11.	Investment expenses	(g)	
12.	Investment taxes, licenses and fees, excluding federal income taxes	(g)	
13.	Interest expense	(h)	
14.	Depreciation on real estate and other invested assets	(i)	
15.	Aggregate write-ins for deductions from investment income .....	.....0	
16.	Total deductions (Lines 11 through 15) .....	.....0	
17.	Net investment income (Line 10 minus Line 16)	5,740,942	
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0
0999.	Totals (Lines 0901 through 0903) plus 0998 (Line 9 above)	0	0
1501.	.....	
1502.	.....	
1503.	.....	
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....0
1599.	Totals (Lines 1501 through 1503) plus 1598 (Line 15 above)		0

- (a) Includes \$accrual of discount less \$50,304 amortization of premium and less \$989,257 paid for accrued interest on purchases.
- (b) Includes \$accrual of discount less \$amortization of premium and less \$0 paid for accrued dividends on purchases.
- (c) Includes \$0 accrual of discount less \$0 amortization of premium and less \$paid for accrued interest on purchases.
- (d) Includes \$for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$accrual of discount less \$amortization of premium and less \$paid for accrued interest on purchases.
- (f) Includes \$accrual of discount less \$amortization of premium.
- (g) Includes \$investment expenses and \$investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5.
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	1,814,429	.0	1,814,429	.0	.0
1.1	Bonds exempt from U.S. tax .....	.0	.0	.0	.0	.0
1.2	Other bonds (unaffiliated)	1,999,708	.0	1,999,708	.0	.0
1.3	Bonds of affiliates .....	.0	.0	.0	.0	.0
2.1	Preferred stocks (unaffiliated)	20,055	.0	20,055	2,724	.0
2.11	Preferred stocks of affiliates .....	.0	.0	.0	.0	.0
2.2	Common stocks (unaffiliated)	460,353	.0	460,353	(4,016,778)	.0
2.21	Common stocks of affiliates .....	.0	.0	.0	(10,864,361)	.0
3.	Mortgage loans .....	.0	.0	.0	.0	.0
4.	Real estate .....	.0	.0	.0	.0	.0
5.	Contract loans .....	.0	.0	.0	.0	.0
6.	Cash, cash equivalents and short-term investments .....	.0	.0	.0	.0	.0
7.	Derivative instruments .....	.0	.0	.0	.0	.0
8.	Other invested assets .....	.0	.0	.0	.0	.0
9.	Aggregate write-ins for capital gains (losses) .....	.0	.0	.0	(763,020)	.0
10.	Total capital gains (losses)	4,294,545	0	4,294,545	(15,641,435)	0
DETAILS OF WRITE-INS						
0901.	OTT .....			.0	(763,020)	
0902.	.....				
0903.	.....				
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.0	.0	.0	.0	.0
0999.	Totals (Lines 0901 through 0903) plus 0998 (Line 9 above)	0	0	0	(763,020)	0

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	2,322,598	2,356,132	33,534
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans	0	0	0
7. Derivatives (Schedule DB).....	0	0	0
8. Other invested assets (Schedule BA)	0	0	0
9. Receivables for securities	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL).....	0	0	0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	2,322,598	2,356,132	33,534
13. Title plants (for Title insurers only).....	0	0	0
14. Investment income due and accrued	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	1,181	0	(1,181)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
15.3 Accrued retrospective premiums	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers	0	0	0
16.2 Funds held by or deposited with reinsured companies	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0
17. Amounts receivable relating to uninsured plans	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
18.2 Net deferred tax asset.....	0	0	0
19. Guaranty funds receivable or on deposit	0	0	0
20. Electronic data processing equipment and software	22,630	26,909	4,279
21. Furniture and equipment, including health care delivery assets.....	342,233	368,321	26,088
22. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
23. Receivables from parent, subsidiaries and affiliates	2,400,344	1,845,170	(555,174)
24. Health care and other amounts receivable.....	1,718,398	1,591,798	(126,600)
25. Aggregate write-ins for other than invested assets	3,299,490	982,890	(2,316,600)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	10,106,874	7,171,220	(2,935,654)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27)	10,106,874	7,171,220	(2,935,654)
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above)	0	0	0
2501. Miscellaneous Accounts Receivable.....	2,624,578	37,569	(2,587,009)
2502. Integrated Provider Network Receivable.....	189,530	315,884	126,354
2503. Goodwill.....	485,382	629,437	144,055
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	3,299,490	982,890	(2,316,600)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations.....	82,732	83,637	82,771	81,496	81,072	989,617
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	.0					
4. Point of Service.....	.0					
5. Indemnity Only.....	.0					
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	82,732	83,637	82,771	81,496	81,072	989,617
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page .....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of The Health Plan are presented on the basis of accounting practices prescribed or permitted by the West Virginia Department of Insurance.

The West Virginia Insurance Department recognizes only statutory accounting practices prescribed or permitted by the state of West Virginia for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the West Virginia Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of West Virginia.

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

The Health Plan prepares its statutory-basis financial statements in conformity with accounting practices prescribed or permitted by the State of West Virginia Insurance Commission. The State of West Virginia requires that insurance companies domiciled in the State of West Virginia prepare their statutory-basis financial statements in accordance with the National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* subject to any deviations prescribed or permitted by the State of West Virginia Insurance Commission.

The more significant variances between statutory accounting practices prescribed or permitted by the State of West Virginia Insurance Commission and accounting principles generally accepted in the United States (GAAP) are as follows:

- Cash, cash equivalents, and short-term investments in the statement of cash flows represent cash balances and investments with initial maturities of one year or less. In accordance with GAAP, the corresponding captions of cash and cash equivalents include cash balances and investments with initial maturities of three months or less.
- Investments in bonds are reported at amortized cost and equity investments are reported at fair value based on values determined by the Securities Valuation Office of the NAIC (SVO). For GAAP, all investments are reported at fair value based on quoted market prices.
- All single class and multiclass mortgage-backed/asset-backed securities (e.g., CMOs) are adjusted for the effects of changes in prepayment assumptions on the related accretion of discount or amortization of premium of such securities using either the retrospective or prospective methods. If it is determined that a decline in fair value is other than temporary, the cost basis of the security is written down to the undiscounted estimated future cash flows. For GAAP purposes, all securities, purchased or retained, that represent beneficial interests in securitized assets (e.g., CMO, CBO, CDO, CLO, MBS, and ABS securities), other than high-credit-quality securities, are adjusted using the prospective method when

NOTES TO FINANCIAL STATEMENTS

there is a change in estimated future cash flows. If it is determined that a decline in fair value is other than temporary, the cost basis of the security is written down to the discounted fair value. If high-credit-quality securities are adjusted, the retrospective method is used.

- Investments in real estate are reported net of related obligations rather than on a gross basis in accordance with GAAP. Real estate owned and occupied by the Company is included in investments rather than reported as an operating asset as under GAAP, and investment income and operating expenses for statutory reporting include rent for the Company's occupancy of those properties.
- Certain types of assets are classified as "nonadmitted," including office furniture and fixtures and related accumulated depreciation, computer software and related depreciation, accounts receivable greater than 90 days, prepaid expenses, assets capitalized under capital leases, nonincome-producing investments, pharmacy rebates that do not meet specific criteria, and other assets not specifically identified as an admitted asset within the NAIC's *Accounting Practices and Procedures Manual* are excluded from the accompanying balance sheets and are charged directly to unassigned surplus. In accordance with GAAP, such assets are included in the balance sheet to the extent those assets are not impaired.
- All leases are considered operating leases under statutory accounting principles, whereas, in accordance with GAAP, leases may be accounted for as either operating or capital depending on the terms of the lease.
- The Health Plan's wholly owned subsidiaries, Hometown Health Plan, Hometown HHP Services, Inc. (HHP Services), HP Agency, Inc., and THP Insurance Company, are accounted for on the equity basis with equity earnings recorded as a component of unrealized gains in surplus. In accordance with GAAP, the accounts and operations of these subsidiaries would be consolidated with The Health Plan.
- The accrual for other postretirement benefits excludes the benefit related to nonvested employees. In accordance with GAAP, the accrual for other postretirement benefits includes the benefit for vested and nonvested employees.
- The NAIC's *Accounting Practices and Procedures Manual* stipulates that goodwill is admitted subject to an aggregate limitation of 10% of the capital and surplus in the most recently filed annual statement excluding EDP equipment, operating system software, net deferred tax assets, and net positive goodwill. However, pursuant to the statutory accounting practices permitted by the State of West Virginia Insurance Commission, goodwill is not admitted in the accompanying balance sheets. In accordance with GAAP, goodwill is amortized over the estimated economic life and is subject to an assessment for impairment if circumstances indicate that a possible impairment has occurred. As of December 31, 2010 and 2009, \$315,884 and \$442,237, respectively, of goodwill, net of accumulated amortization, related to the acquisition of Hometown Health Plan, Hometown HHP Services, Inc., and Hometown Insurance Group, Inc. (collectively, Hometown Health Group) has been nonadmitted in the accompanying balance sheets.

NOTES TO FINANCIAL STATEMENTS

Investments

Debt investments, which consist of government securities and corporate bonds, are recorded at amortized cost and equity securities are recorded at market value, as determined by the SVO. Premiums and discounts on debt investments are amortized on the effective yield method over the term of the investment. All mortgage-backed/asset-backed securities are adjusted for the effects of changes in prepayment assumptions on the related accretion of discount or amortization of premium of such securities using either the retrospective or prospective methods. If it is determined that a decline in fair value is other than temporary, the cost basis of the security is written down to the undiscounted estimated future cash flows.

Realized capital gains and losses are determined on the first-in, first-out cost method. Changes in admitted asset carrying amounts of bonds and common stocks are credited or charged directly to surplus.

The Health Plan continually reviews investments for impairment conditions that indicate that an other-than-temporary decline in market value has occurred. In conducting this review, numerous factors are considered which, individually or in combination, indicate that a decline is other than temporary and that a reduction of the carrying value is required. These factors include specific information pertaining to an individual company or a particular industry and general market conditions that reflect prospects for the economy as a whole.

As a result of the increased credit risk and reduced liquidity in the secondary marketplace for mortgage-backed securities, these products have experienced extreme price volatility and reduced trading activity. Exposure to these securities increases the risk of significant financial losses in the future as a result of the current situation in the financial markets.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash, Cash Equivalents, and Short-Term Investments

Cash, cash equivalents, and short-term investments include demand deposits with financial institutions and highly liquid investments with maturities of one year or less. The Health Plan is required to maintain a \$3,000,000 compensating balance under a banking agreement.

Investments

Debt investments, which consist of government securities and corporate bonds, are recorded at amortized cost and equity securities are recorded at market value, as determined by the SVO. Premiums and discounts on debt investments are amortized on the effective yield method over the term of the investment. All mortgage-backed/asset-backed securities are adjusted for the effects of changes in prepayment assumptions on the related accretion of discount or amortization of premium of such securities using either the retrospective or prospective methods. If it is determined that a decline in fair value is other than temporary, the cost basis of the security is written down to the undiscounted estimated future cash flows.

Limited partnerships include mezzanine debt investments. Limited partnerships are recorded using their audited GAAP equity valuation. In accordance with statutory accounting principles, distributed earnings are

NOTES TO FINANCIAL STATEMENTS

recorded as investment income and all undistributed earnings, including unrealized gains and losses are included in the change in net unrealized capital gains and losses.

Realized capital gains and losses are determined on the first-in, first-out cost method. Changes in admitted asset carrying amounts of bonds and common stocks are credited or charged directly to surplus.

The Health Plan's insurance subsidiaries and noninsurance subsidiaries (Hometown HHP Services, Inc. and HP Agency, Inc.) which have no significant ongoing operations other than for The Health Plan and its subsidiaries, are reported in the accompanying balance sheets at their underlying statutory equity. The Health Plan's investments in noninsurance subsidiaries and, beginning in 2007, nonaudited insurance subsidiaries are treated as nonadmitted assets. The net change in the subsidiaries' equity is included in the change in net unrealized gains or losses on investments.

As a result of the increased credit risk and reduced liquidity in the secondary marketplace for mortgage-backed securities, these products have experienced extreme price volatility and reduced trading activity. Exposure to these securities increases the risk of significant financial losses in the future as a result of the current situation in the financial markets.

Investment in Real Estate

Land is recorded at cost. Real estate occupied by The Health Plan and its subsidiaries is reported at depreciated cost. Depreciation is calculated on the straight-line method over the estimated useful lives of the properties.

Land is reported at cost of \$800,000 at December 31, 2011 and 2010. Real estate, including buildings and improvements, occupied by The Health Plan are recorded at cost \$7,488,714 and \$7,582,694 less depreciation \$2,373,653 and \$2,183,034 at December 31, 2011 and 2010 respectively.

Revenue Recognition

Member premiums are recognized as income in the period in which enrollees are entitled to receive health care services. Premiums received prior to the period of coverage are classified as unearned premiums.

The Health Plan provides health care services to Medicare enrollees through the Medicare Plus Program. Payments under this program are based on historical costs of providing the service with adjustments to premiums made subsequent to each contract year for differences between estimated premiums and actual costs, as determined in accordance with Medicare regulations. Amounts received under this program are subject to review and final determination by the Center for Medicare and Medicaid Services (CMS). Provision is made for estimated adjustments in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Medicare Part D Premiums and Expenses

Beginning January 1, 2006, The Health Plan began serving as a plan sponsor offering Medicare Part D prescription drug insurance coverage under a contract with the Centers for Medicare & Medicaid Services (CMS). The CMS premium, the member premium, and the low-income premium subsidy represent payments for The Health Plan's insurance risk coverage under the Medicare Part D program and therefore are recorded

NOTES TO FINANCIAL STATEMENTS

as premium revenues in operations. Premium revenues are recognized ratably over the period in which eligible individuals are entitled to receive prescription drug benefits.

Subsidies from CMS represent cost reimbursements under the Medicare Part D program. Amounts received for these subsidies are not reflected as premium revenues, but rather are accounted for as deposits, with the related liability recorded in the balance sheet. Pharmacy benefit costs and administrative costs under the contract are expensed as incurred.

Medical Costs

The Health Plan provides medical care to its members under contracts with various health care providers on a modified fee-for-service and capitation basis with certain provider contracts including provisions for risk sharing. Medical costs payable includes estimates for claims reported, estimated claims costs for claims incurred but unreported, and the estimated adjustment expenses related to those claims as of the balance sheet date. Such estimates also include the cost of services which will continue to be rendered after the balance sheet date when The Health Plan is obligated to render such services in accordance with contract provisions or regulatory requirements. Adjustments to prior period estimates of medical costs are reflected in the current period.

Medical costs payable represent management's best estimate. There is uncertainty as to whether the actual medical costs payable will conform to the assumptions inherent in the determination of the amount. Because of the uncertainties related to the recording of health care costs, the ultimate settlement of the health care cost estimates may vary significantly from the estimated amounts included in the accompanying financial statements.

Amounts Retained for Others

Amounts retained for others represents cash held for groups to which the Health Plan provides pension administration services.

2. Accounting Changes and Corrections of Errors:

A. NONE

B. Illustrative Disclosure for Insurers Upon Initial Implementation of Codification:

NONE

3. Business Combinations and Goodwill:

NONE

4. Discontinued Operations:

NONE

5. Investments:

A. Mortgage Loans - NONE

B. Debt Restructuring - NONE

NOTES TO FINANCIAL STATEMENTS

- C. Reverse Mortgages - NONE
- D. Loan-Backed Securities - NONE
- E. Repurchase Agreements - NONE
- F. Real Estate - NONE
- G. Low-Income Housing Tax Credits - NONE

6. Joint Ventures, Partnerships and Limited Liability Companies:

NONE

7. Investment Income:

NONE

8. Derivative Instruments:

NONE

9. Income Taxes:

NONE

10. Information Concerning Parent, Subsidiaries and Affiliates:

THP Insurance Company has a management services contract (Contract) with The Health Plan of the Upper Ohio Valley, Inc. The Contract requires THP Insurance Company to pay a fixed percentage of its monthly premium revenue to The Health Plan in return for executive management, administration, marketing, accounting, and claims administration services. For the years ended December 31, 2011 and 2010, THP Insurance Company paid approximately \$4,147,000 and \$4,331,000 respectively, to The Health Plan pursuant to the Contract. In addition, The Health Plan collects premiums for THP Insurance Company, which is settled on a monthly basis.

11. Debt:

A. Capital Notes

NONE

B. All Other Debt

NONE

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans:

NONE

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganization:

NONE

14. Contingencies:

NONE

15. Leases:

NOTES TO FINANCIAL STATEMENTS

The Health Plan leases certain office equipment and vehicles. Future minimum payments, by year and in the aggregate of noncancelable operating leases with initial or remaining terms of one year or more consisted of the following at December 31, 2011:

2012	\$ 586,939
2013	581,262
2014	525,549
2015 and after	112,998
Total minimum lease payments	<u>\$ 1,806,748</u>

16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk:

NONE

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities:

NONE

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans:

NONE

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators:

NONE

20. Fair Value Measurements:

On December 5, 2009, the NAIC issued Statement of Statutory Accounting Principles No. 100 (SSAP No. 100), *Fair Value Measurements*, which established a framework for measuring fair value and required specific disclosures regarding assets and liabilities that are measured at fair value. This statement was effective December 31, 2010. The Health Plan elected to adopt SSAP No. 100 as of December 31, 2009.

Included in various investment-related line items in the financial statements are certain financial instruments carried at fair value. Other financial instruments are periodically measured at fair value, such as when impaired, or, for certain bonds when carried at the lower of cost or market. As defined in SSAP No. 100, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SSAP No. 100 establishes a three-level hierarchy for valuing assets and liabilities based on how transparent (observable) the inputs are that are used to determine fair value, with the inputs considered most observable categorized as Level 1 and those that are the least observable categorized as Level 3. For some assets, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. When this is the case, the asset is categorized in the table based on the lowest level input that is significant to the fair value measurement in its entirety. The Health Plan's assessment of the significance of a particular input to the fair value

NOTES TO FINANCIAL STATEMENTS

measurement in its entirety requires judgment, and considers factors specific to the assets being valued

Hierarchy levels are defined by SSAP No. 100 as follows:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets and liabilities. For The Health Plan, Level 1 inputs are generally quoted for debt or equity securities actively traded in exchange or over-the-counter markets.
- Level 2: Market data obtained from sources independent of the reporting entity (observable inputs). For The Health Plan, Level 2 inputs generally include quoted prices in markets that are not active, quoted prices for similar assets/liabilities, and other observable inputs such as interest rates and yield curves that are generally available at commonly quoted intervals.
- Level 3: The reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). For The Health Plan, Level 3 inputs are used in situations where little or no Level 1 or 2 inputs are available or are inappropriate given the particular circumstances. Level 3 inputs include results from pricing models and discounted cash flow methodologies as well as adjustments to externally quoted prices that are based on management judgment or estimation.

A. (1) Fair Value Measurements at Reporting Date

<u>Description for each class of asset or liability</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
a. Assets at fair value				
Perpetual Preferred stock				
Industrial and Misc		\$99,495		\$ 99,495
Parent, Subsidiaries and Affiliates				
Total Perpetual Preferred Stock		<u>\$99,495</u>		<u>\$ 99,495</u>
Bonds				
U.S. Governments	\$ 7,980,649			\$ 7,980,649
Industrial and Misc	\$89,765,119			\$89,765,119
Hybrid Securities				
Parent, Subsidiaries and Affiliates				
Total Bonds	<u>\$97,745,768</u>			<u>\$97,745,768</u>
Common Stock				
Industrial and Misc	\$95,400,630		\$ 12,000	\$95,412,630
Parent, Subsidiaries and Affiliates			<u>\$23,364,745</u>	<u>\$23,364,745</u>
Total Common Stocks	<u>\$95,400,630</u>		<u>\$23,376,745</u>	<u>\$118,777,375</u>
Derivative assets				
Interest rate contracts				

NOTES TO FINANCIAL STATEMENTS

Foreign exchange contracts
 Credit Contracts
 Commodity futures contracts
 Commodity forward contracts
 Total Derivatives

Seperate account assets				
Total assets at fair value	\$193,146,398	\$99,495	\$23,376,745	\$216,622,638

b. Liabilities at fair value
 Derivative liabilities
 Total liabilities at fair value

21. Other Items:

- A. Extraordinary Items - NONE
- B. Troubled Debt Restructuring - NONE
- C. Other Disclosures (Unusual Items) - NONE
- D. Disclose Uncollectible Assets - NONE
- E. Business Interruption Insurance Recoveries - NONE

22. Events Subsequent:

NONE

23. Reinsurance:

The Health Plan purchases reinsurance, which provides coverage for catastrophic inpatient hospital claims. Effective November 1, 2011, the deductible was \$400,000 for commercial products and \$350,000 for government products. The Health Plan is contingently liable for reinsured losses to the extent that the reinsurance company cannot meet its obligations under the reinsurance contract.

Reinsurance expenses of approximately \$631,000 and \$620,000 in 2011 and 2010, respectively, are included in the statements of revenues, expenses, and changes in surplus as a reduction of member premiums. Reinsurance recoveries of approximately \$325,000 and \$374,000 in 2011 and 2010, respectively, are included in the statements of revenues, expenses, and changes in surplus as a reduction of medical costs expense.

Neither The Health Plan nor any of its related parties control, directly or indirectly, any direct reinsurers with whom The Health Plan conducts business. No policies issued by The Health Plan have been reinsured with a foreign company, which is controlled, either directly or indirectly, by a party not primarily engaged in the business of insurance. The Health Plan does not have any reinsurance agreements in effect, under which the reinsurer may unilaterally cancel the agreement.

24. Retrospectively Rated Contracts:

NONE

25. Change in Incurred Claims and Claim Adjustment Expenses:

NOTES TO FINANCIAL STATEMENTS

The following table provides a reconciliation of the beginning and ending reserve balances for medical costs payable for the years ended December 31, 2011 and 2010:

	2011	2010
Reserve for medical costs at beginning of year	39,478,507	39,913,435
Add provision for medical costs occurring in:		
Current year	350,906,786	338,027,807
Prior years	(849,777)	528,575
Net incurred medical costs during the current year	350,057,009	338,556,383
Deduct payments for medical costs occurring in:		
Current year	309,364,077	298,724,854
Prior years	38,522,745	40,266,456
Net medical cost payments during the current year	347,886,822	338,991,311
Reserve for medical costs at end of year	41,648,694	39,478,507

26. Intercompany Pooling Arrangements:

NONE

27. Structured Settlements:

NONE

28. Healthcare Receivables:

NONE

29. Participating Policies:

NONE

30. Premium Deficiency:

Premium deficiency reserves are established for the amount of anticipated losses, loss adjustment expenses, commissions and other acquisition costs, and maintenance costs that have not previously been expensed in excess of the recorded unearned premium reserve and future installment premiums on existing policies. Premium deficiency reserves were \$1,263,000 and \$949,855 at December 31, 2011 and 2010, respectively.

31. Anticipated Salvage and Subrogation:

NONE

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes ☒ No ☐
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes ☒ No ☐ NA ☐
- 1.3

State Regulating?

West Virginia
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☐ No ☒
- 2.2

If yes, date of change:
- 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2008
- 3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

09/28/2009
- 3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

09/28/2009
- 3.4

By what department or departments?

West Virginia Department of Insurance
- 3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes ☒ No ☐ NA ☐
- 3.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes ☒ No ☐ NA ☐
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11

sales of new business?

Yes ☐ No ☒
- 4.12

renewals?

Yes ☐ No ☒
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21

sales of new business?

Yes ☐ No ☒
- 4.22

renewals?

Yes ☐ No ☒
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒
- 5.2

If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes ☐ No ☒
- 6.2

If yes, give full information
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes ☐ No ☒
- 7.2

If yes,
- 7.21

State the percentage of foreign control
- 7.22

State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney - in - fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney - in - fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [] No [X]
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [] No [X]
- 8.4

If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Ernst & Young LLP 2100 One PPG Place, Pittsburgh, PA 15222
- 10.1

Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes [] No [X]
- 10.2

If the response to 10.1 is yes, provide information related to this exemption:
- 10.3

Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation?

Yes [] No [X]
- 10.4

If the response to 10.3 is yes, provide information related to this exemption:
- 10.5

Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

Yes [X] No [] NA []
- 10.6

If the response to 10.5 is no or n/a, please explain
11.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Roger Schacht, Ernst & Young, LLP Dallas, TX 75201
- 12.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes [] No [X]
- 12.11

Name of real estate holding company
- 12.12

Number of parcels involved
- 12.13

Total book/adjusted carrying value

\$
- 12.2

If yes, provide explanation
13.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1

What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [] No []
- 13.3

Have there been any changes made to any of the trust indentures during the year?

Yes [] No []
- 13.4

If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?

Yes [] No [] NA [X]
- 14.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes [X] No []
- 14.11

Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- 14.12

Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- 14.13

Compliance with applicable governmental laws, rules and regulations;
- 14.14

The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- 14.15

Accountability for adherence to the code.
- 14.11

If the response to 14.1 is no, please explain:
- 14.2

Has the code of ethics for senior managers been amended?

Yes [] No [X]
- 14.21

If the response to 14.2 is yes, provide information related to amendment(s).
- 14.3

Have any provisions of the code of ethics been waived for any of the specified officers?

Yes [] No [X]
- 14.31

If the response to 14.3 is yes, provide the nature of any waiver(s).

GENERAL INTERROGATORIES

BOARD OF DIRECTORS

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance with a NAIC rating of 3 or below?.....
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.
- Yes [] No [X]

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
.....
.....

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?
17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?.....
- Yes [X] No []
- Yes [X] No []
- Yes [X] No []

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11 To directors or other officers .. \$.....0

20.12 To stockholders not officers ... \$.....0

20.13 Trustees, supreme or grand (Fraternal only) \$.....0
- 20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21 To directors or other officers ... \$.....0

20.22 To stockholders not officers \$.....0

20.23 Trustees, supreme or grand (Fraternal only) \$.....0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?
- 21.2 If yes, state the amount thereof at December 31 of the current year:

21.21 Rented from others \$.....

21.22 Borrowed from others \$.....

21.23 Leased from others \$.....

21.24 Other \$.....
- 22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments?
- 22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment \$.....

22.22 Amount paid as expenses \$.....

22.23 Other amounts paid \$.....
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:.....\$.....0
- Yes [] No [X]
- Yes [] No [X]
- Yes [] No [X]
- Yes [] No [X]
- Yes [] No [X]
- Yes [] No [X]

INVESTMENT

- 24.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.3).....
- 24.2 If no, give full and complete information, relating thereto
- 24.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- 24.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?.....
- 24.5 If answer to 24.4 is yes, report amount of collateral for conforming programs.
- 24.6 If answer to 24.4 is no, report amount of collateral for other programs.
- 24.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?.....
- 24.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?.....
- 24.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?.....
- Yes [X] No []
- N/A
- Yes [] No [] NA [X]
- \$.....
- \$.....
- Yes [] No [] NA [X]
- Yes [] No [] NA [X]
- Yes [] No [] NA [X]

GENERAL INTERROGATORIES

- 25.1

Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.3)

Yes [] No [X]
- 25.2

If yes, state the amount thereof at December 31 of the current year:

25.21

Subject to repurchase agreements

\$

25.22

Subject to reverse repurchase agreements

\$

25.23

Subject to dollar repurchase agreements

\$

25.24

Subject to reverse dollar repurchase agreements

\$

25.25

Pledged as collateral

\$

25.26

Placed under option agreements

\$

25.27

Letter stock or securities restricted as to sale

\$

25.28

On deposit with state or other regulatory body

\$

25.29

Other

\$

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

- 26.1

Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes [] No [X]
- 26.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement.

Yes [] No [] NA [X]
- 27.1

Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes [] No [X]
- 27.2

If yes, state the amount thereof at December 31 of the current year.

\$

28.

Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping agreements of the NAIC *Financial Condition Examiners Handbook*?

Yes [X] No []

28.01 For agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Chase	2 Bae Mar Place, Wheeling, WV 26003

28.02 For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

- 28.03

Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?

Yes [] No [X]
- 28.04

If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

28.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
	Chase Investments	300 Preston Ave., Charlottesville, VA 22902 Shawnee Mission, KS 66201
	Kornitzer Capital	
	JP Morgan	2 Bae Mar Place, Wheeling WV 26003
	TCW	11100 Santa Monica Blvd., LA, CA
	Logan Circle Partners	1717 Arch St., Suite 1500 Philadelphia, PA 19103
	Mackay Shields	9 W. 57th St., 33rd Floor, NY, NY 10019

GENERAL INTERROGATORIES

1 Central Registration Depository Number(s)	2 Name	3 Address

GENERAL INTERROGATORIES

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D - Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?..... Yes [X] No []

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2001. 256206-10-3.....	Dodge & Cox Funds International Stock Fund.....	11,928,696
29.2999 TOTAL		11,928,696

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-) or Fair Value over Statement (+)
30.1 Bonds.....	93,430,739	97,745,768	4,315,029
30.2 Preferred Stocks.....	99,495	99,495	0
30.3 Totals	93,530,234	97,845,263	4,315,029

30.4 Describe the sources or methods utilized in determining the fair values:

Custodian statements and SVO.....

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?..... Yes [X] No []

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?..... Yes [X] No []

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No []

32.2 If no, list exceptions:

GENERAL INTERROGATORIES

OTHER

- 33.1 Amount of payments to Trade associations, service organizations and statistical or rating bureaus, if any?.....\$0
- 33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
.....
.....
.....

- 34.1 Amount of payments for legal expenses, if any?.....\$338,345
- 34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
.....
.....
.....

- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?.....\$0
- 35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....
.....
.....

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [] No [X]

1.2

If yes, indicate premium earned on U. S. business only.

\$ 0

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$ 0

1.31

Reason for excluding

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above

\$ 0

1.5

Indicate total incurred claims on all Medicare Supplement insurance.

\$ 0

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$ 0

1.62

Total incurred claims

\$ 0

1.63

Number of covered lives

0

All years prior to most current three years:

1.64

Total premium earned

\$ 0

1.65

Total incurred claims

\$ 0

1.66

Number of covered lives

0

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$ 0

1.72

Total incurred claims

\$ 0

1.73

Number of covered lives

0

All years prior to most current three years:

1.74

Total premium earned

\$ 0

1.75

Total incurred claims

\$ 0

1.76

Number of covered lives

0

2.

Health Test:

1

Current Year

2.1

Premium Numerator

\$ 387,760,258

2.2

Premium Denominator

\$ 383,288,141

2.3

Premium Ratio (2.1/2.2)

1.012

2.4

Reserve Numerator

\$ 42,911,752

2.5

Reserve Denominator

\$ 42,911,752

2.6

Reserve Ratio (2.4/2.5)

1.000

2

Prior Year

380,517,968

380,517,968

1.000

40,757,723

40,757,723

1.000

3.1

Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [] No [X]

3.2

If yes, give particulars:

4.1

Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes [X] No []

4.2

If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [] No [X]

5.1

Does the reporting entity have stop-loss reinsurance?

Yes [X] No []

5.2

If no, explain:

5.3

Maximum retained risk (see instructions)

5.31

Comprehensive Medical

\$ 400,000

5.32

Medical Only

\$

5.33

Medicare Supplement

\$

5.34

Dental and Vision

\$

5.35

Other Limited Benefit Plan

\$

5.36

Other

\$

6.

Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
The Health Plan has an agreement with Ace American Reinsurance Company, our reinsurer, in the event of insolvency, ACE wil provide continuation of coverage.

7.1

Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes [X] No []

7.2

If no, give details

8.

Provide the following information regarding participating providers:

8.1

Number of providers at start of reporting year

8,650

8.2

Number of providers at end of reporting year

9,745

9.1

Does the reporting entity have business subject to premium rate guarantees?

Yes [] No [X]

9.2

If yes, direct premium earned:

9.21

Business with rate guarantees between 15-36 months

9.22

Business with rate guarantees over 36 months

27

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

10.1

Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes [] No [X]

10.2

If yes:

10.21

Maximum amount payable bonuses

\$

10.22

Amount actually paid for year bonuses

\$

10.23

Maximum amount payable withholds

\$

10.24

Amount actually paid for year withholds

\$

11.1

Is the reporting entity organized as:

11.12

A Medical Group/Staff Model,

Yes [] No [X]

11.13

An Individual Practice Association (IPA), or,

Yes [] No [X]

11.14

A Mixed Model (combination of above) ?

Yes [] No [X]

11.2

Is the reporting entity subject to Minimum Net Worth Requirements?

Yes [X] No []

11.3

If yes, show the name of the state requiring such net worth.

West Virginia

11.4

If yes, show the amount required.

\$

2,000,000

11.5

Is this amount included as part of a contingency reserve in stockholder's equity?

Yes [X] No []

11.6

If the amount is calculated, show the calculation

12.

List service areas in which reporting entity is licensed to operate:

1
Name of Service Area
BARBOUR, WV.....
BROOKE, WV.....
DODDRIDGE, WV.....
GILMER, WV.....
HANCOCK, WV.....
HARRISON, WV.....
LEWIS, WV.....
MARION, WV.....
MARSHALL, WV.....
MONONGALIA, WV.....
OHIO, WV.....
PLEASANTS, WV.....
PRESTON, WV.....
RANDOLPH, WV.....
RITCHIE, WV.....
TAYLOR, WV.....
TUCKER, WV.....
TYLER, WV.....
UPSHER, WV.....
WETZEL, WV.....
WIRT, WV.....
WOOD, WV.....
ASHLAND, OH.....
BELMONT, OH.....
CARROLL, OH.....
COLUMBIANA, OH.....
COSHOCTON, OH.....
CUYAHOGA, OH.....
GEAUGA, OH.....
GUERNSEY, OH.....
HARRISON, OH.....
HOLMES, OH.....
JEFFERSON, OH.....
KNOX, OH.....
LORAIN, OH.....
MAHONING, OH.....
MEDINA, OH.....
MONROE, OH.....
MUSKINGHAM, OH.....
NOBLE, OH.....
PORTAGE, OH.....
RICHLAND, OH.....
STARK, OH.....
SUMMIT, OH.....
TRUMBULL, OH.....
TUSCARAWAS, OH.....
WASHINGTON, OH.....
WAYNE, OH.....

13.1

Do you act as a custodian for health savings accounts?

Yes [] No [X]

13.2

If yes, please provide the amount of custodial funds held as of the reporting date.

\$

13.3

Do you act as an administrator for health savings accounts?

Yes [] No [X]

13.4

If yes, please provide the balance of the funds administered as of the reporting date.

\$

FIVE-YEAR HISTORICAL DATA

	1 2011	2 2010	3 2009	4 2008	5 2007
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	235,848,832	226,841,016	198,053,454	175,868,819	190,995,795
2. Total liabilities (Page 3, Line 24)	55,924,259	51,152,688	49,951,598	54,961,161	59,249,977
3. Statutory surplus	2,000,000	2,000,000	2,000,000	.0	.0
4. Total capital and surplus (Page 3, Line 33)	179,924,573	175,688,328	148,101,856	120,907,658	131,745,808
Income Statement (Page 4)					
5. Total revenues (Line 8)	383,288,141	380,517,968	399,764,450	396,946,474	390,251,407
6. Total medical and hospital expenses (Line 18)	350,057,003	337,713,404	362,768,099	349,544,419	355,189,685
7. Claims adjustment expenses (Line 20)	6,354,379	6,254,067	6,338,056	4,333,940	13,597,820
8. Total administrative expenses (Line 21)	19,668,873	18,521,925	19,243,728	19,882,140	11,813,432
9. Net underwriting gain (loss) (Line 24)	7,207,886	18,028,572	11,414,567	23,185,975	10,022,147
10. Net investment gain (loss) (Line 27)	10,035,487	16,304,590	(2,125,620)	(12,804,130)	12,948,935
11. Total other income (Lines 28 plus 29)	5,569,958	81,958	97,422	103,495	270,917
12. Net income or (loss) (Line 32)	22,813,331	34,415,120	9,386,369	10,485,340	23,241,999
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	24,960,538	21,164,522	13,203,760	16,642,504	10,449,196
Risk - Based Capital Analysis					
14. Total adjusted capital	179,924,573	175,688,328	147,769,918	120,907,658	131,745,808
15. Authorized control level risk-based capital	21,345,683	18,071,306	19,435,833	17,679,939	18,736,043
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	81,072	82,732	86,437	89,231	95,643
17. Total members months (Column 6, Line 7)	989,617	986,447	1,049,011	1,095,090	1,186,944
Operating Percentage (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19)	91.3	88.8	90.7	88.1	91.0
20. Cost containment expenses	1.1	1.1	1.1	0.6	XXX
21. Other claims adjustment expenses	0.5	0.5	0.5	0.5	2.4
22. Total underwriting deductions (Line 23)	98.1	95.3	97.1	94.2	97.4
23. Total underwriting gain (loss) (Line 24)	1.9	4.7	2.9	5.8	2.6
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	38,628,729	40,442,009	45,428,941	39,834,626	40,620,368
25. Estimated liability of unpaid claims—[prior year (Line 13, Col. 6)]	39,478,507	39,913,433	44,809,254	44,654,175	43,644,917
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1) .....	.0	.0	.0	.0	.0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1) .....	.0	.0	.0	.0	.0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	23,364,745	19,229,106	12,242,731	16,915,689	19,001,797
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10) .....	.0	.0	.0	.0	.0
30. Affiliated mortgage loans on real estate .....		.0	.0	.0	.0
31. All other affiliated .....		.0	.0	.0	.0
32. Total of above Lines 26 to 31	23,364,745	19,229,106	12,242,731	16,915,689	19,001,797

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?

Yes [] No []

If no, please explain

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

		1	Direct Business Only							
			2	3	4	5	6	7	8	9
States, Etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefit Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama	AL								0	0
2. Alaska	AK								0	0
3. Arizona	AZ								0	0
4. Arkansas	AR								0	0
5. California	CA								0	0
6. Colorado	CO								0	0
7. Connecticut	CT								0	0
8. Delaware	DE								0	0
9. Dist. of Columbia	DC								0	0
10. Florida	FL								0	0
11. Georgia	GA								0	0
12. Hawaii	HI								0	0
13. Idaho	ID								0	0
14. Illinois	IL								0	0
15. Indiana	IN								0	0
16. Iowa	IA								0	0
17. Kansas	KS								0	0
18. Kentucky	KY								0	0
19. Louisiana	LA								0	0
20. Maine	ME								0	0
21. Maryland	MD								0	0
22. Massachusetts	MA								0	0
23. Michigan	MI								0	0
24. Minnesota	MN								0	0
25. Mississippi	MS								0	0
26. Missouri	MO								0	0
27. Montana	MT								0	0
28. Nebraska	NE								0	0
29. Nevada	NV								0	0
30. New Hampshire	NH								0	0
31. New Jersey	NJ								0	0
32. New Mexico	NM								0	0
33. New York	NY								0	0
34. North Carolina	NC								0	0
35. North Dakota	ND								0	0
36. Ohio	OH	L	68,805,260	105,094,065		6,725,364			180,624,689	0
37. Oklahoma	OK								0	0
38. Oregon	OR								0	0
39. Pennsylvania	PA								0	0
40. Rhode Island	RI								0	0
41. South Carolina	SC								0	0
42. South Dakota	SD								0	0
43. Tennessee	TN								0	0
44. Texas	TX								0	0
45. Utah	UT								0	0
46. Vermont	VT								0	0
47. Virginia	VA								0	0
48. Washington	WA								0	0
49. West Virginia	WV	L	87,769,790	57,644,252	52,768,816	5,111,198			203,294,056	0
50. Wisconsin	WI								0	0
51. Wyoming	WY								0	0
52. American Samoa	AS								0	0
53. Guam	GU								0	0
54. Puerto Rico	PR								0	0
55. U.S. Virgin Islands	VI								0	0
56. Northern Mariana Islands	MP								0	0
57. Canada	CN								0	0
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal		XXX	156,575,050	162,738,317	52,768,816	11,836,562	0	0	383,918,745	0
60. Reporting entity contributions for Employee Benefit Plans		XXX							0	
61. Total (Direct Business)	(a)	2	156,575,050	162,738,317	52,768,816	11,836,562	0	0	383,918,745	0
DETAILS OF WRITE-INS										
5801.		XXX								
5802.		XXX								
5803.		XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page		XXX	0	0	0	0	0	0	0	
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)		XXX	0	0	0	0	0	0	0	

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

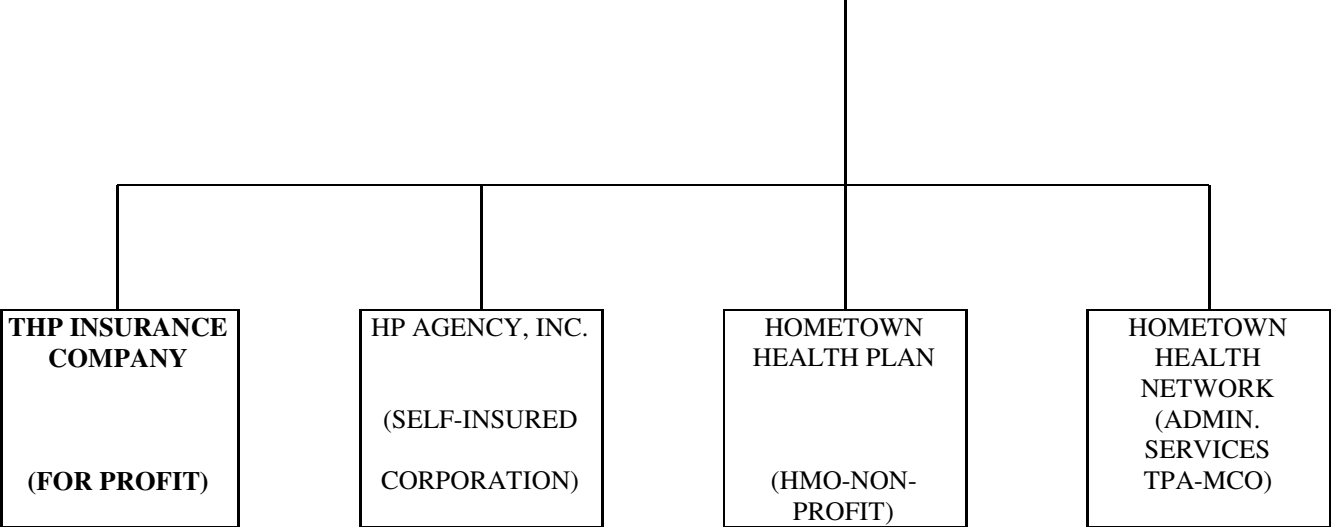
Explanation of basis of allocation by states, premiums by state, etc.

(a) Insert the number of L responses except for Canada and other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

THE HEALTH PLAN OF
THE UPPER OHIO VALLEY, INC.



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